

BEFORE THE ARIZONA CORPORATION COMMISSION 1 2 **BOB STUMP** Arizona Corporation Commission Chairman 3 **GARY PIERCE** DOCKETED Commissioner **BRENDA BURNS** 4 SEP 2 2 2014 Commissioner 5 **BOB BURNS** DOCKETED BY Commissioner SUSAN BITTER SMITH 6 Commissioner 7 8 IN THE MATTER OF THE APPLICATION DOCKET NO. W-01445A-11-0310 OF ARIZONA WATER COMPANY, AN DECISION NO. 74756 9 ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE **ORDER** 10 OF ITS UTILITY PLANT AND PROPERTY AND FOR ADJUSTMENTS TO ITS RATES 11 AND CHARGES FOR UTILITY SERVICE FURNISHED BY ITS EASTERN GROUP 12 AND FOR CERTAIN RELATED 13 **APPROVALS** 14 Open Meeting 15 August 12 and 13, 2014 Phoenix, Arizona 16 17 BY THE COMMISSION: 18 FINDINGS OF FACT 19 1. On June 27, 2013, the Arizona Corporation Commission ("Commission") approved 20 a System Improvement Benefits Surcharge ("SIB") mechanism for Arizona Water Company 21 ("Company" or "AWC") in Decision No. 73938, as affirmed by Decision No. 74463. 22 2. On June 20, 2014, at the request of the Commission's Utilities Division ("Staff"), 23 AWC filed a proposed Plan of Administration ("POA") for the SIB mechanism approved in 24 Decision No. 73938. The Company's SIB POA included a detailed description of how its SIB 25 surcharge mechanism would function. 26 3. Although there is no specific requirement in Decision No. 73938 that the 27 Commission approve AWC's POA, Staff believes that it would be beneficial to have the

Commission consider the Company's initial Eastern Group POA for approval.

28

1	4. Staff reviewed the Company's proposed SIB POA and proposed modifications. The
2	Company reviewed Staff's modifications and found them to be acceptable.
3	5. The attached POA contains Staff's modifications and is in conformance with all
4	aspects of the SIB mechanism as set forth in Decision No. 73938.
5	6. Staff recommends that the attached SIB POA be approved.
6	CONCLUSIONS OF LAW
7	1. Arizona Water Company is an Arizona public service corporation within the
8	meaning of Article XV, Section 2, of the Arizona Constitution.
9	2. The Commission has jurisdiction over Arizona Water Company and over the
10	subject matter of the application.
l 1	3. The Commission, having reviewed the application and Staff's Memorandum dated
12	July 29, 2014, concludes that it is in the public interest to approve the SIB Plan of Administration
13	contained in Attachment A.
14	
15	
16	• • •
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
9	

ORDER 1 IT IS THEREFORE ORDERED that the attached SIB Plan of Administration be, and 2 3 hereby is, approved, for Arizona Water Company's Eastern Group. IT IS FURTHER ORDERED that this Order is effective immediately. 4 5 BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION 6 7 8 CHAIRMAN 9 10 11 COMMISSIONER 12 IN WITNESS WHEREOF, I, JODI JERICH, Executive 13 Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this 14 Commission to be affixed at the Capitol, in the City of Phoenix, this 22nd day of September, 2014. 15 16 17 JØDI JÉRICH 18 EXECUTIVE DIRECTOR 19 20 DISSENT: 21 DISSENT: 22 23 SMO:CSB:sms/BH 24 25 26

27

28

1	SERVICE LIST FOR: ARIZONA WATER COMPANY
2	DOCKET NO. W-01445A-11-0310
3	Steven A. Hirsch
4	Stanley B. Lutz
5	Bryan Cave, LLP Two North Central Avenue, Suite 2200
6	Phoenix, AZ 85004 Attorneys for Arizona Water Company
7	, ,
8	Daniel W. Pozefsky Residential Utility Consumer Office
9	1110 West Washington Street, Suite 220 Phoenix, AZ 85007
10	Jay L. Shapiro
11	Fennemore Craig, PC 2394 E. Camelback Road, Suite 600
12	Phoenix, AZ 85016-3429
13	Attorneys for Liberty Utilities
14	Christopher D. Krygier Liberty Utilities
15	12725 W. Indian School Rd., Suite D101 Avondale, AZ 85392
16	Sheryl Hubbard
١7	EPCOR Water Arizona, Inc. 2355 W. Pinnacle Peak Rd., Suite 300
18	Phoenix AZ 85027
19	Michael Hallam
20	Lewis Roca Rothgerber 201 E. Washington St. Suite 1200
21	Phoenix, AZ 85004 Attorney for EPCOR Water
22	
23	Michael M. Grant Gallagher & Kennedy, PA
24	2575 E. Camelback Road Phoenix, AZ 85016-9225
25	Attorneys for Arizona Investment Council
26	Gary Yaquinto
27	Arizona Investment Council 2100 N. Central Ave., Suite 210
10	Phoenix, AZ 85004

1	Michael W. Patten
2	Timothy J. Sabo
2	Roshka Dewulf & Patten, PLC One Arizona Center
3	400 E. Van Buren, Suite 800
4	Phoenix, AZ 85004-2262
	Attorneys for Global Water
5	Ron Fleming
6	Global Water
7	21410 N. 19th Ave., Suite 201 Phoenix, AZ 85027
8	Garry D. Hays
9	The Law Offices of Garry D. Hays, P.C 1702 E. Highland Avenue, Suite 204
10	Phoenix, AZ 85016
11	Greg Patterson
12	Water Utility Association of Arizona 916 W. Adams, Suite 3
13	Phoenix, AZ 85007
14	Kathie Wyatt
15	1940 N. Monterey Drive Apache Junction, AZ 85120
16	Mr. Steven M. Olea
17	Director, Utilities Division Arizona Corporation Commission
18	1200 West Washington Street Phoenix, Arizona 85007
19	,
20	Ms. Janice M. Alward Chief Counsel, Legal Division
21	Arizona Corporation Commission 1200 West Washington Street
22	Phoenix, Arizona 85007
23	
24	
25	
26	
27	

28

Attachment A

Decision No. <u>74756</u>

TABLE OF CONTENTS

I.	GENERAL DESCRIPTION	2	
II.	DEFINITIONS	2	
III.	SIB RELATED FILINGS	4	
IV.	SIB SURCHARGE CALCULATIONS	6	
V.	ADDING PROJECTS TO SIB PLANT TABLE I UNDER EMERGENCY CIRCUMSTANCES	8	
VI.	SIB SURCHARGE RATE DESIGN	9	
VII.	. SIB SURCHARGE NOTICE REQUIREMENTS	9	
	DEFINITIONSSIB RELATED FILINGSSIB SURCHARGE CALCULATIONS		
SIB	Plant Table I	EXHIBIT 1	
SIB	Plant Table II	EXHIBIT 2	
SIB	Schedule A	EXHIBIT 3	
SIB	Schedule B	EXHIBIT 4	
SIB	Schedule C	EXHIBIT 5	
STR	Schedule D	EVHIRIT	

DOCKET NO. W-01445A-11-0310
Plan of Administration
System Improvement Benefits ("SIB") Mechanism
Page 2 of 10

Arizona Water Company Docket No. W-01445A-11-0310 September 9, 2014

I. GENERAL DESCRIPTION

This document is the Plan of Administration ("POA") for the System Improvement Benefits ("SIB") mechanism approved for Arizona Water Company ("Company") by the Arizona Corporation Commission ("Commission") in Decision No. 73938 (June 27, 2013), as affirmed in Decision No. 74463 (April 22, 2014). The SIB mechanism provides for the timely recovery of the capital costs (pre-tax return on investment and depreciation expense, net of associated retirements) associated with distribution system improvement projects that: (1) have not been included in rate base for recovery in Decision No. 73736 (February 20, 2013); (2) are listed in the latest Commission approved SIB Plant Table I; (3) have been verified to be completed¹; and (4) have been placed in service per SIB Plant Table II. Any expenditures offset by contributions in aid of construction or advances in aid of construction are not eligible for inclusion in the SIB mechanism.

II. DEFINITIONS

- A. NARUC National Association of Regulatory Utility Commissioners
- B. SIB System Improvement Benefits mechanism, to be implemented between rate proceedings to support investment in utility plant recorded in SIB Eligible NARUC accounts.
- C. SIB Eligible Plant Investments in plant recorded in the SIB Eligible NARUC
- D. SIB Eligible NARUC accounts:
 - 1. NARUC Account No. 309 Supply Mains
 - 2. NARUC Account No. 343 Transmission and Distribution Mains
 - 3. NARUC Account No. 345 Services
 - 4. NARUC Account No. 346 Meters and Meter Installations
 - 5. NARUC Account No. 348 Hydrants
- E. SIB Plant Table I (an excerpt is attached to this POA as Exhibit 1) The schedule of planned SIB Eligible projects that is either approved in the Company's most recent rate case or updated by a subsequent Commission decision. As used herein, this term refers to the latest Commission approved SIB Plant Table I available unless

¹ Acceptable forms of verification may include the Arizona Department of Environmental Quality Approval of Construction or signed Construction Placed in Service Notice signed by Professional Engineer where Approval of Construction is not applicable.

DOCKET NO. W-01445A-11-0310
Plan of Administration
System Improvement Benefits ("SIB") Mechanism
Page 3 of 10

Arizona Water Company Docket No. W-01445A-11-0310 September 9, 2014

reference is made to a particular Commission decision. As of the date of this POA, the latest Commission approved SIB Plant Table I is attached to Decision No. 73938 as Attachment A, Exhibit A.

- F. SIB Plant Table II (an excerpt is attached to this POA as Exhibit 2) The schedule of completed and verified SIB Eligible Plant projects from the latest Commission approved SIB Plant Table I, including the associated plant retirements.
- G. Total Revenue Requirement The revenue requirement approved in Decision No. 73736, plus the SIB Authorized Revenue.
- H. SIB Revenue Requirement The revenue requirement equal to the pre-tax return on investment and depreciation expense associated with SIB-eligible projects that have been completed and placed into service, per SIB Plant Table II. net of associated retirements.
- I. SIB Revenue Requirement Efficiency Credit An amount equal to five percent (5%) of the SIB Revenue Requirement.
- J. SIB Authorized Revenue Amount equal to the SIB Revenue Requirement less the SIB Revenue Requirement Efficiency Credit, plus or minus any SIB True-up Adjustment.
- K. Gross SIB Surcharge Amount to be shown on customers' bills, based on meter size, without consideration of the SIB Surcharge Efficiency Credit.
- L. SIB Surcharge Efficiency Credit An amount equal to five percent (5%) of the Gross SIB Surcharge, to be shown on customers' bills.
- M. SIB Surcharge The amount equal to the Gross SIB Surcharge less the SIB Surcharge Efficiency Credit to be charged, based on meter size, calculated to recover the SIB Authorized Revenue. The SIB Surcharge is to be shown as a separate line item on customer bills.
- N. SIB True-up Adjustment The reconciliation of over- or under-collection of the SIB Authorized Revenue, as compared with the total SIB Surcharges collected for the preceding 12-month period. Each SIB True-up Adjustment shall also analyze the cumulative over- or under-collections to include a comparison of all past SIB Authorized Revenues, total SIB Surcharge collections, and prior SIB True-up Adjustments to be used in calculating the individual SIB True-up Adjustment by meter size.

DOCKET NO. W-01445A-11-0310
Plan of Administration
System Improvement Benefits ("SIB") Mechanism
Page 4 of 10

Arizona Water Company Docket No. W-01445A-11-0310 September 9, 2014

III. SIB RELATED FILINGS

- A. Progress Reports The Company must file with Docket Control semi-annual status reports delineating the status of all SIB Eligible Plant projects, as listed in the latest Commission approved SIB Plant Table I. The initial semi-annual status report shall include only those projects from the initial SIB Plant Table I which the Company has designated as most likely to be completed and placed in service during the first 12months.
- B. Reconciliation and True-up Once a SIB Surcharge is implemented, the Company must file annually to true-up its SIB Surcharge collections over the preceding 12 months with the SIB Authorized Revenue for that period, and establish a surcharge or credit to true-up any over- or under-collections, regardless of whether it seeks a new surcharge. The filing dates for these annual true-ups shall be established in the Commission's Decision approving the SIB Surcharge.
- C. SIB Surcharge Requests The Company must file the following with each SIB Surcharge request:
 - 1. SIB Plant Table II (with supporting information and documentation), listing the SIB Eligible Plant projects that have been completed and placed in service, for which the Company seeks cost recovery. Such SIB Eligible Plant must:
 - a. Be projects listed in the latest Commission approved SIB Plant Table I;
 - b. Have been completed and placed in service by the Company;
 - c. Have been verified (see footnote 1); and
 - d. Actually be serving customers.
 - 2. A summary of the Commission approved SIB-Eligible projects (shown on SIB Plant Table I approved in Decision No. 73938) the Company expects to complete and place in service during the next 12 months for inclusion in the next SIB Surcharge, to enable the Commission to establish the latest SIB Plant Table I.²

74756

² Beginning with its SIB Surcharge request for the second 12-month surcharge period, the Company may request a change from the estimated Cost/Unit (shown on the SIB Plant Table I approved in Decision No. 73938) due to inflation using the latest calendar year Consumer Price Index. This may be done only if the original SIB Plant Table I Cost/Unit did not account for inflation.

Arizona Water Company Docket No. W-01445A-11-0310 September 9, 2014

- 3. SIB Schedule A (an example is attached to this POA as Exhibit 3), showing a calculation of the SIB Revenue Requirement, SIB Revenue Requirement Efficiency Credit, SIB Authorized Revenue, Gross SIB Surcharge, SIB Surcharge Efficiency Credit and the SIB Surcharge. Schedule A shall be supported by revenue requirement schedules supporting the revenue requirement approved in Decision No. 73736, and the pro-forma revenue requirements including the effect of SIB Eligible Plant.
- 4. SIB Schedule B (an example is attached to this POA as Exhibit 4) showing the SIB True-up Adjustment calculation for the prior 12-month SIB Surcharge period, as well as the individual SIB True-up Adjustment by meter size.
- 5. SIB Schedule C (an example is attached to this POA as Exhibit 5) showing the effect of the SIB Surcharge on a typical residential customer's monthly bill for both median and average usage.
- 6. SIB Schedule D (an example is attached to this POA as Exhibit 6) which shall include an analysis of the impact of completed SIB Eligible Plant projects on the fair value rate base, revenue, and the fair value rate of return. The Company shall also include the following as part of SIB Schedule D:
 - a. The most current balance sheet at the time of the filing;
 - b. The most current income statement;
 - c. An earnings test schedule;
 - d. A rate review schedule (including the incremental and pro forma effect of the proposed increase);
 - e. An adjusted rate base schedule; and,
 - f. A construction work in progress ("CWIP") ledger for each project showing the accumulation of charges by month and paid contractor invoices., including a summary page showing the calculation of the SIB eligible rate base and depreciation expense net of associated retirements.
- D. The Company will maintain and provide to the Commission's Utilities Division ("Staff") and the Residential Utility Consumer Office ("RUCO") schedules in Microsoft Excel format (with all formulae intact) supporting the revenue requirement approved in Decision No. 73736, and the effects of completed SIB

DOCKET NO. W-01445A-11-0310
Plan of Administration
System Improvement Benefits ("SIB") Mechanism
Page 6 of 10

Arizona Water Company Docket No. W-01445A-11-0310 September 9, 2014

- Eligible Plant for the current SIB Surcharge request and any previously approved SIB Surcharge and SIB True-up Adjustment requests.
- E. The Company may file its initial SIB Surcharge request with Docket Control no earlier than 12 months after the entry of Decision No. 73736.
- F. The Company may make no more than one SIB Surcharge request every 12 months with no more than five (5) SIB Surcharge requests between rate case decisions. A SIB True-up Adjustment must be filed with each SIB Surcharge request, except the first SIB Surcharge request.
- G. Unless otherwise authorized by the Commission, the Company is required to file its next general rate case for its Eastern Group no later than August 31, 2016, with a test year ending no later than December 31, 2015.
- H. Any SIB Surcharges that are in effect shall be reset to zero upon the date new rates become effective in the Company's next general rate case.

IV. SIB SURCHARGE CALCULATIONS

- A. Calculation of Amounts to Be Collected By the SIB Surcharge
 - 1. The amount to be collected by the SIB Authorized Revenue shall be equal to the SIB Revenue Requirement minus the SIB Revenue Requirement Efficiency Credit, plus any SIB True-up Adjustment. For purposes of calculating the SIB Revenue Requirement:
 - a. The required rate of return is equal to the overall rate of return authorized in Decision No. 73736;
 - b. The gross revenue conversion factor/tax multiplier is equal to the gross revenue conversion factor/tax multiplier approved in Decision No. 73736; and
 - c. The applicable depreciation rate(s) is equal to the depreciation rate(s) approved in Decision No. 73736.
 - 2. The SIB plant unit cost to be used in calculating the SIB Revenue Requirement shall be the lesser of the installed SIB plant unit cost listed in SIB Plant Table II, or 110 percent (110%) of the SIB plant estimated unit cost listed in the latest Commission approved SIB Plant Table I (See Exhibit 2).
 - 3. The amount to be collected by each SIB Surcharge shall be capped annually at five percent (5%) of the revenue requirement authorized in Decision No. 73736.

DECISION NO	74756
-------------	-------

DOCKET NO. W-01445A-11-0310
Plan of Administration
System Improvement Benefits ("SIB") Mechanism
Page 7 of 10

Arizona Water Company Docket No. W-01445A-11-0310 September 9, 2014

B. Reconciliation and True-Ups

- 1. The revenue collected pursuant to the SIB Surcharge over the preceding 12 months shall be trued-up and reconciled with the SIB Authorized Revenue for that period.
- 2. A new SIB Surcharge shall be combined with an existing SIB Surcharge such that a single SIB surcharge and a single SIB Efficiency Credit are shown on a customer's bill.
- 3. For each 12 month period that a SIB Surcharge is in effect, the Company shall reconcile the amounts collected by the SIB Surcharge with the SIB Authorized Revenue, for that 12 month period, consistent with Schedule B.
- 4. Any under- or over-collected SIB Authorized Revenues shall be recovered or refunded, without interest, over a 12-month period by means of a SIB True-up Adjustment.
- 5. Starting with the second annual SIB Surcharge, where there are over- or under-collected balances, such over- or under-collected balances shall be carried over to the next year, and considered in the calculation of the new SIB True-up Adjustment. If, at the time new rates go into effect in the Company's next rate case, there remains an over- or under-collected balance, such balance shall be reset to zero, and addressed in the next rate case.

C. Earnings Test

- 1. Once a SIB Surcharge is in effect, the Company is required to perform an annual earnings test calculation for each SIB Surcharge request to determine whether the actual rate of return reflected by the operating income for the affected system or division for the relevant 12-month period exceeded the most recently authorized fair value rate of return for the affected system or division.
- 2. The earnings test shall be:
 - a. Based on the most recent available operating income;
 - b. Adjusted for any operating revenue and expense adjustments adopted in the most recent general rate case; and

DECISION NO.	74756

DOCKET NO. W-01445A-11-0310
Plan of Administration
System Improvement Benefits ("SIB") Mechanism
Page 8 of 10

Arizona Water Company Docket No. W-01445A-11-0310 September 9, 2014

c. Based on the rate base adopted in the most recent general rate case, updated to recognize changes in plant, accumulated depreciation, contributions in aid of construction, advances in aid of construction, and accumulated deferred income taxes through the most recent available financial statement (quarterly or longer).

V. ADDING PROJECTS TO SIB PLANT TABLE I UNDER EMERGENCY CIRCUMSTANCES

- A. The Company may seek Commission approval to add projects to SIB Plant Table I under emergency circumstances. No changes may be made to SIB Plant Table I without Commission approval.
- B. Any addition to SIB Plant Table I must be plant investment that maintains or improves existing customer service, system reliability, integrity and safety. Eligible plant additions are limited to plant replacement projects. The costs of extending facilities or capacity to serve new customers are not recoverable through the SIB mechanism.
- C. To be eligible for SIB treatment, a project must be SIB Eligible Plant.
- D. SIB Eligible Plant must satisfy at least one of the following criteria:
 - 1. Water loss for the system exceeds ten percent (10%), as calculated by the following formula: ((volume of water produced and/or purchased) (volume of water sold + volume of water put to beneficial use)) divided by (volume of water produced and/or purchased). If the volume of water put to beneficial use is not metered, it shall be established in a reliable, verifiable manner.
 - 2. Plant assets that have remained in service beyond their useful service lives (based on the Company's authorized utility plant depreciation rates) and are in need of replacement due to being worn out or in a deteriorating condition through no fault of the Company;
 - 3. Any other engineering, operational or financial justification supporting the need for a plant asset replacement, other than the Company's negligence or improper maintenance, including, but not limited to:
 - a. A documented increasing level of repairs to, or failures of, a plant asset justifying its replacement prior to reaching the end of its useful service life (e.g. black poly pipe);
 - b. Assets that are required to be moved, replaced or abandoned by a governmental agency or political subdivision, if the Company can show that it has made a good faith effort to seek reimbursement for all or part of the costs incurred.

DECISION NO.	74756
--------------	-------

VI. SIB SURCHARGE RATE DESIGN

- A. The SIB Surcharge rate design shall be as follows:
 - 1. The SIB Surcharge shall be a fixed monthly surcharge containing a Gross SIB Surcharge and the SIB Surcharge Efficiency Credit as its two components.
 - 2. The SIB Surcharge shall be calculated by dividing the SIB Authorized Revenue by the number of active equivalent 5/8 x 3/4-inch meters at the end of the most recent 12-month period, and shall increase with meter size based on the following meter capacity multipliers:

5/8-inch x $3/4$ -inch	1.0 times
1-inch	2.5 times
1-1/2-inch	5 times
2-inch	8 times
3-inch	16 times
4-inch	25 times
6-inch	50 times
8-inch	80 times
10-inch & above	115 times

B. The SIB Surcharge shall apply to all of the Company's metered customers, including private fire service customers.

VII. SIB SURCHARGE NOTICE REQUIREMENTS

- A. Thirty days prior to filing each application to implement a SIB Surcharge, the Company shall file a proposed form of notice to Staff for review, and a Summary of what the Company will be requesting in the application. Once the notice is approved by Staff, the Company shall provide a copy of the approved notice to its customers via newsletter or bill insert. After providing notice, the Company shall file a copy of the notice and a description of when and how it provided notice with each application to implement a SIB surcharge. The Summary and Notice shall include at least the following information:
 - 1. The individual Gross SIB Surcharge, by meter size;

Arizona Water Company Docket No. W-01445A-11-0310 September 9, 2014 DOCKET NO. W-01445A-11-0310 Plan of Administration System Improvement Benefits ("SIB") Mechanism Page 10 of 10

- 2. The individual SIB Surcharge Efficiency Credit, by meter size;
- 3. The SIB Surcharge, by meter size; and
- 4. Directions to where the customer may obtain a summary of the projects included in the current SIB Surcharge request, including a description of each project and its cost.
- B. A SIB Surcharge shall not become effective until approved by the Commission.
- C. The Company shall provide a proposed order for the Commission's consideration.
- D. The Company shall notice its customers of the SIB Surcharge approved herein as soon as possible in a form acceptable to Staff and consistent with the notice requirements of Decision No. 73938.
- E. The Company shall not implement the SIB Surcharge until 30 days after having filed documentation in Docket Control providing the date when all effected customers have been notified of the Commission approved SIB Surcharge.

EXHIBIT 1

Water System Name and PWS ID No. SIB PLANT TABLE I

Information to be included with SIB-Eligible Project Filings

Provide narrative why Replacement Plart is necessary replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility.	- repracement or existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility	2. Provide narrative explaining why this segment of plant is a priority.	3. Provide narrative explaining how replacing this plant will benefit existing customers.	4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.	5. Provide reference to related page No. in the submitted detailed Engineering Analysis supporting the need for SIB. Froringering Analysis shall also include amending accolations.	the utility's systematic assessment, inspection, maintenance and repair/replacement program.				
	Project Status									
	Expected In-Service Date									
	Site (location description)									
w plant)	Subtotal Cost (estimated)									
Replacement Plant Description (new plant) (SIB-eligible plant)	Cost/Unit (estimated) ²						_			Total Cost
nt Plant Descrip (SIB-eligible pl	Cost/Unit (estimated) ¹									Estimated Total Cost
placeme	Material									
Re	Diameter/ Size									
	Units (Quantity)									
	NARUC Acct No./ Plant	309 Supply Mains	331 T&D	Mains 333 Services	334 Meters	335 Hydrants				
	Project No.									

Revised 4/1/2014

¹ Per the Commission approved Initial SIB Table I.

² Beginning with its SIB Surcharge Request filing for Year Two, the Company may request a change from the estimated Cost/Unit (in the Commission approved Initial SIB Table I) due to inflation using the latest calendar year Consumer Price Index. This may be done only if the Initial SIB Plant Table I unit cost did not account for inflation.

EXHIBIT 2

DOCKET NO. W-01445A-11-0310

Water System Name and PWS ID No. SIB PLANT TABLE II (Page 1a)

Information to be included with SIB-Eligible Completed Project Filings

	Net Value of Retired Plant						
Plant Retired)	Accumulated Depreciation Reserve (as of the actual retirement date)						
Original Plant (Plant Being Retired)	Original Cost						
	Original In- Service Date						
	Actual Retirement Date						
	In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)						
	Actual Cost (by NARUC Acct No)						
ut)	Installed Cost/Unit (actual cost)						
alled new pla	Material						
Replacement Plant Description (installed new plant) (SIB-eligible plant)	Diameter/ Size						
ement Plant De (SIB-	Installed						
Replac	Description (Note any changes)						
	NARUC Act No./ Plant 309 Supply Mains						
	Project No.						

Revised 4/1/2014 DECISION NO. **74756**

Water System Name and PWS ID No. SIB PLANT TABLE II (Page 1b)

Information to be included with SIB-Eligible Completed Project Filings

h	SIB Allowed Cost (h)=(d)-(g) when Column (e) is "Yes"	(h)=(f)-(g) when Column (e) is "No"					
50	Net Value of Retired Plant						
4	If (e) is "No", Calculate Allowable Installed cost: (f)=110% of (a) x (c)						
υ	Is (b) less than 110% of (a)? Enter "Yes" or "No						
p	Act) (d)=(b) x (c)						
v	Installed Units (Quantity)						
q	Cost/Unit (Installed)						
a	Cost/Unit (Estimated) (from Table I)						
	NARUC Acct. No./ Plant	309 Supply Mains					
	Project No.						

Water System Name and PWS ID No. SIB PLANT TABLE II (Page 2a)

			 	_	1	γ			1	- T
	Net Value of Retired Plant									-
Plant Retired)	Accumulated Depreciation Reserve (as of the actual retirement date)									
Original Plant (Plant Being Retired)	Original Cost									
0	Original In- Service Date					-				
	Actual Retirement Date									
	In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)									
	Actual Cost (by NARUC Acct No)								į	
nt)	Installed Cost/Unit (actual cost)		4							
alled new pla	Material									
Replacement Plant Description (installed new plant) (SIB-eligible plant)	Diameter/ Size									
ment Plant Do	Installed Quantity									
Replace	Description (Note any changes)									
	NARUC Acct No/ Plant 33.1 T&D Mains									
	Project No.									

SIB PLANT TABLE II (Page 2b)

Information to be included with SIB-Eligible Completed Project Filings

ų	SIB Allowed Cost (h)=(d)-(g) when Column (e) is "Yes"	(h)=(f)-(g) when Column (e) is "No"					
50	Net Value of Retired Plant						
c _{t-1}	If (e) is "No", Calculate Allowable Installed cost: (f)=110% of (a) x (c)						
υ	Is (b) less than 110% of (a)? Enter "Yes" or "No	·					
p	Actual Cost (by NARUC Acct) (d)=(b) x (c)						
3	Installed Units (Quantity)						
q	Cost/Unit (Installed)						
В	Cost/Unit (Estimated) (from Table I)						
	NARUC Acct. No./ Plant	331 T&D Mains					
	Project No.						

Water System Name and PWS ID No. SIB PLANT TABLE II (Page 3a)

	Net Value of Retired Plant							
Plant Retired)	Accumulated Depreciation Reserve (as of the actual retirement date)							DECISION NO. 74756
Original Plant (Plant Being Retired)	Original Cost							CISION
(H)	Original In- Service Date							DE
	Actual Retirement Date							
	In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)							
	Actual Cost (by NARUC Acct No)							
tu (tu	Installed Cost/Unit (actual cost)							
Replacement Plant Description (installed new plant) (SIB-eligible plant)	Material							
escription (ins	Diameter/ Size							
ement Plant D	Installed Quantity							
	Description (Note any changes)							
	NARUC Acct No./ Plant 333 Services							
	Project No.							

Water System Name and PWS ID No. SIB PLANT TABLE II (Page 3b)

Information to be included with SIB-Eligible Completed Project Filings

h	SIB Allowed Cost (h)=(d)-(g) when Column (e) is "Yes" (h)=(f)-(g) when Column (e)					
مع	Net Value of Retired Plant					
f	If (e) is "No", Calculate Allowable Installed cost: (f)=110% of (a) x (c)					
Ð	Is (b) less than 110% of (a)? Enter "Yes" or "No					
p	Actual Cost (by NARUC Acct) (d)=(b) x (c)					
3	Installed Units (Quantity)					
þ	Cost/Unit (Installed)					
B	Cost/Unit (Estimated) (from Table I)					
	NARUC Acct. No./ Plant 333 Services					
	Project No.					

DECISION NO. 74756

Water System Name and PWS ID No. SIB PLANT TABLE II (Page 4a)

	Net Value of Retired Plant								
lant (etired)	Accumulated Depreciation Reserve (as of the actual retirement date)								
Original Plant (Plant Being Retired)	Original Cost								
(F	Original In- Service Date								
	Actual Retirement Date								
	In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)								
	Actual Cost (by NARUC Acct No)								
nt)	Installed Cost/Unit (actual cost)								
lled new plant)	Material								
Replacement Plant Description (installed (SIB-eligible plant)	Diameter/ Size								
nent Plant De (SIB-	Quantity								
Replacen	Description (Note any changes)								
	NARUC Acct No./ Plant 334 Meters								
	Project No.								

Water System Name and PWS ID No. SIB PLANT TABLE II (Page 4b)

q	SIB Allowed Cost (h)=(d)-(g) when Column (e) is "Yes"	(h)=(f)-(g) when Column (e) is "No"					DECISION NO. 74756
oo.	Net Value of Retired Plant						DECISIO
f	If (e) is "No", Calculate Allowable Installed cost: (f)=110% of (a) x (c)						
O	Is (b) less than 110% of (a)? Enter "Yes" or "No						
p	Actual Cost (by NARUC Acct) (d)=(b) x (c)			·			
o	Installed Units (Quantity)						
q	Cost/Unit (Installed)						
а	Cost/Unit (Estimated) (from Table I)						
	NARUC Acct. No./ Plant	334 Meters					
	Project No.						

Water System Name and PWS ID No. SIB PLANT TABLE II (Page 5a)

	Net Value of Retired Plant	
ant (etired)	Accumulated Depreciation Reserve (as of the actual retirement date)	
Original Plant (Plant Being Retired)	Cost	
E)	Original In- Service Date	
	Actual Retirement Date	
	In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)	
	Actual Cost (by NARUC Acct No)	
(t)	Installed Cost/Unit (actual cost)	
lled new plar	Material	
Replacement Plant Description (installed new plant) (SIB-eligible plant)	Size	
ment Plant De: (SIB-e	Quantity	
Replace	Description (Note any changes)	
	NARUC Acet No/ Plant 335 Hydrants	
	Project No.	

Water System Name and PWS ID No. SIB PLANT TABLE II (Page 5b)

Information to be included with SIB-Eligible Completed Project Filings

q	SIB Allowed Cost (h)=(d)-(g) when Column (e) is "Yes"	(h)=(f)-(g) when Column (e) is "No"						
ಯ	Net Value of Retired Plant							
f	If (e) is "No", Calculate Allowable Installed cost: (f)=110% of (a) x (c)							
e e	Is (b) less than 110% of (a)? Enter "Yes" or "No							
p	Actual Cost (by NARUC Acct) (d)=(b) x (c)							
J	Installed Units (Quantity)		<u> </u>					
þ	Cost/Unit (Installed)							
а	Cost/Unit (Estimated) (from Table I)							
	NARUC Acct. No./ Plant	335 Hydrants						
	Project No.							

Water System Name and PWS ID No. SIB PLANT TABLE II- SUMMARY (Page 6)

Information to be included with SIB-Eligible Completed Project Filings

2	SIB Allowed Cost¹ (from Table II column h)										
1	Actual Cost (from Table II column d)										
	Description									Total	
	NARUC Acct No. (SIB-eligible plant)	309 331 334 334	335								
	Project No.										

¹ Total SIB Allowed Cost to be used in calculating the SIB Revenue Requirement

EXHIBIT 3

Water System Name and PWS ID No. **Effective Date XXX** Decision No .XXX Company name

Consolidated Check If

CALCULATION OF OVERALL SIB REVENUE REQUIREMENT AND EFFICIENCY CREDIT LINE Ö. Total Authorized Revenue Requirement, Per Decision xxxxx, See Attached Schedules

SIB Revenue Cap percentage SIB Revenue Cap

Per Year

7BD 5% 7BD

TBD

SIB Allowed Cost (Per SIB Table II, Summary page, Column 2)

Total Revenue Requirement, (with pro forma SIB investments). See attached revenue requirements schedules as provided by Company. SIB Revenue Requirement (line 5 minus line 1) SIB Revenue Requirement Efficiency Credit

SIB Authorized Revenue (line 6 plus line 7 plus line 8)

SIB True-Up Adjustment (from SIB Schedule B)

TB0 * Charge per 5/8" meter

TBD

* Number of Equivalent Meters, below

TBD

TBD

TBD

TBD 2%

	No. of				Annual
	Customers at	Adultinion	5/8 x 3/4-inch		Rev by
	SIB Cycle Year	Maidplicis	Equivalent	Fixed	Meter
	End		Meters	Surcharge	Size
5/8 x 3/4-inch	TBD	1	TBD	TBD	TBD
3/4-inch	TBD	1.5	TBD	TBD	TBD
1-inch	TBD	2.5	TBD	TBD	TBD
1 1/2-inch	TBD	ĸ	TBD	TBD	TBD
2-inch	TBD	×	TBD	TBD	TBD
3-inch	TBD	16	TBD	TBD	TBD
4-inch	TBD	25	TBD	TBD	TBD
6 -inch	TBD	20	TBD	TBD	TBD
8 -inch	TBD	80	TBD	TBD	TBD
10-inch	TBD	115	TBD	TBD	IBD
Totals	TBD		TBD		TBD

EXHIBIT 4

SIB Schedule B

Company name
Water System Name and PWS ID No.
Decision No .XXX
Effective Date XXX

		SIB	SIB Filing Sequence	a	
CALCULATION OF SIB TRUE-UP REVENUE REQUIREMENTS ADJUSTMENT	SIB year 1*	SIB year 2	SIB year 3	SIB year 4	SIB year 5
SIB Authorized Revenue , Per SIB Schedule A	TBD	TBD	TBD	TBD	TBD
Total SIB Surcharges collections for Period	TBD	TBD	TBD	TBD	TBD
SIB True-Up Adjustment	TBD	TBD	TBD	TBD	TBD

Note: The Company shall also provide an analysis of cumulative over or under collections and a net amount to be included in the SIB True-up Adjustment

*SIB year 1 is one year after effective date



EXHIBIT 5

SIB Schedule C

Company name
Water System Name and PWS ID No.
Decision No .XXX
Effective Date XXX

TYPICAL BILL IMPACTS 5/8 -Inch Customers

			Step 1			Step 2			Step 3			Step 4			Step 5	
	Per Dec. No. XXXXX(no SIB															
	Surcharge)	Total Bill w/	SIB Inc.	Cumulative	Total Bill w/	SIB Inc.	Cumulative	Total Bill w/	SIB Inc.	Cumulative	Total Bill w/	SIB Inc.	Cumulative	Total Bill w/	SIB Inc.	Cumulative
Gallons	i	SIB Year 1 *		% Increase	SIB Year 2 *		% Increase	SIB Year 3 *		% Increase	SIB Year 4 *		% Increase	SIB Year 5 *		% Increase
0	TBD	TBD	TBD	TBD	TBD	TBD	TBO	TBD	TBD	TBD	TBD	180	TBD	T8D	TBD.	TBD
1000	TBD	TBD	TBD	TBD	TB 0	TBO	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
2000	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	180	TBD	TB0	TBD	TBD	TBD	TBD
3000	TBD	180	TBD	TBD	TB D	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
4000	TBD	TBD	TBD	TBD	TBD	180	OBT	TBD	TBD	TBD	TBD	T80	TBD	TBD	7BD	TBD
2000	TBD	TBD	180	TBD	T8D	TBD	TBD	TBD	TB0	TBD	T8D	TBD	TBD	TBD	TBD	TBO
0009	TBD	TBD	180	TBD	TBD	180	TBD	TBD	TBD	TBD	TBD	TBD	TBD	180	TBD	TBD
7000	TBD	CBT	TBD	TBD	180	TBD	TBD	TBD	180	TBD	TBD	1B0	TBD	TB0	TBD	TBD
8000	TBD	TBD	TBD	TBD	TBD	TBD	CBT	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
0006	TB0	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
10000	T80	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBO	TBD	TBD	TBD	TBO	TBD	TBD
11000	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	T8D	0 <u>8</u> T	TBD	TBD	TBD	TBD
12000	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	CBT	TBD	TBD	TBD	180
13000	TBD	TBD	180	TBD	TBD	180	180	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
14000	TBD	TBD	TBD	TBD	TBD	TBO	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	T80
15000	TBD	TBD	180	TBD	TBD	180	T80	TBD	180	TBD	TBD	TBD	TBD	TBD	TBD	TBD
20000	TBD	TBD	TBD	TBD	TBD	TBD	081	TBD	TBD	TBD	TBD	TBO	TBD	TBD	TBD	TB0
25000	TBD	TBD	OBT TBD	TBD	TBD	TBD	OBT	O8T	180	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Median (Cite Usage)	78D	TBD	TBD	TBD	TBD	TBD	TBD	TBD	DBT	TBD	TBO	TBD	T8D	TBD	TB0	TBD
Mean (Cite Usage)	TBD	TBD	180	TBD	TBD	180	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TRD	TRD

*: Bills in Years 1 -5 are net of Efficiency Credit

EXAMPLE

DECISION NO. 74756

EXHIBIT 6

SIB Schedule D

Water System Name and PWS ID No. Decision No .XXX

Company name

Fair Value Rate Base, Revenue & Rate of Return - Decision No.

SIB Step 4 180 180 180 180 180 180 TBD TBD 180 180 TBD SIB Step 3 180 180 180 180 180 180 180 780 780 780 TBD SIB Step 2 08T 08T 08T 081 081 081 081 081 081 081 TBD TBD SIB Step 1 08T 08T 08T 087 087 087 087 087 087 087 TBD **TBD** Per Dec. No XXXXX 08T 08T 08T TBD TBD Authorized Rate of Return on Rate Base Depreciation & Amortization Operations & Maintenance Rate of Return on Rate Base Total Operating Revenue * Taxes Other than Income Total Operating Expenses Operating Expenses Operating Income Effective Date XXX Income Taxes Rate Base

180 180 180 180 180 180 180

T8D T8D

08T 08T 08T 08T

TBD

TBD

287 287 287

*: SIB Revenues in Years 1 -5 are net of 5% Efficiency Credit





forma with Total Pro-

SIB Step 5

TBD

DECISION NO. 74756

Schedule D

Fair Value Rate Base, Revenue & Rate of Return

Rate Review

Balance Sheet

Income Statement

Earnings Test

Rate Base

Construction Work in Progerss (CWIP) Ledger

Calculation of Corporate Allocation Factor

